



European Commission
The President



EU2022.CZ

Czech Presidency of the Council
of the European Union

Dear colleagues,

We would like to thank you for the very fruitful discussions on energy at the European Council on 20 October. Its conclusions give the European Commission clear guidance for our further work. The Energy Council on 25 October also provided valuable and constructive input.

The European Council debated the principles presented in the draft Council Regulation proposed by the European Commission on the 18 October. Leaders expressed clear support for the Commission's proposals to enhance solidarity through better coordination of gas purchases and exchanges of gas across borders, the intra-day volatility mechanism and the development of an alternative LNG benchmark. Leaders also called on the Commission to urgently submit proposals on additional measures, notably for a temporary dynamic price corridor on natural gas transactions to immediately limit episodes of excessive gas prices and a temporary EU framework to cap the price of gas in electricity generation, including a cost and benefit analysis.

The Czech Presidency has called for an extraordinary meeting of energy ministers on 24 November. We count on your support in ensuring the adoption of the proposed Council Regulation in that meeting.

In the meantime, the Commission is working closely with Member States and is fully committed to move forward without delay with concrete proposals for an efficient market correction mechanism in full respect of the European Council conclusions and the principles established therein. The EU needs to have a mechanism in place that limits episodes of excessive gas prices such as those that we have known in August.

The Commission organised on 7 November a technical seminar with Member States on the issues that need to be considered before any such proposal is submitted. The seminar confirmed Member States' varying assessment of expected impacts, benefits and risks of a market correction mechanism. The Commission is therefore continuing its work to meet Member States' expectations.

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The Commission will put forward a detailed outline of proposal for a market correction mechanism (“temporary gas price cap”) that takes into account the conditions and safeguards asked by Member States, in time for the Ministers to discuss at the meeting of energy ministers on 24 November.

On 9 November, the European Commission took further steps by proposing an emergency Regulation on accelerating the deployment of Renewable Energy and speed up permitting procedures. This alone could replace 14 bcm of Russian gas already next year, according to the International Energy Agency. In full respect for ongoing negotiations with the European Parliament under the Renewable Energy Directive, this will bridge the gap until the revised Renewable Energy Directive enters into force.

Thanks to our common efforts, the EU is well prepared for the coming winter:

- The EU underground gas storages are filled above 95%, following the adoption of the new storage regulation earlier this year. This is above the average level over the past years,
- Demand reduction measures for both gas and electricity have contributed to an average 15% reduction in gas consumption across the EU since August, helping to ease the pressure on prices,
- LNG supplies to the EU have reached record levels standing at 109 bcm by end of October, up from 80 bcm in the whole of 2021, thanks to our close cooperation with suppliers.

However, over next year, markets are likely to remain tight. The Commission will be ready to present the next European Council with the assessment of a potential gap in gas supplies. Our key challenge, therefore, is to ensure we have sufficient gas available ahead of winter 2023/24 for storage filling. That requires us to access markets in a more coordinated way, under our common Energy Platform for demand aggregation and joint purchasing, while we maintain our efforts for demand reduction and seek to stabilize markets and prices.

In parallel, the Commission is operationalising the EU Energy Platform with the Commission’s legal proposal of 18 October. Once adopted, the Commission will start to collect demand and supply offers and organize tenders for demand from the EU and Energy Community, including Ukraine and Moldova. The Commission is accelerating its diplomatic efforts towards gas producing countries and companies. The EU Energy Platform continues working to open doors for all European companies in partner countries such as the US, Norway, Algeria, Azerbaijan, Israel & Egypt, as well as in our closer neighbourhood, sub-Saharan and South-East Asian countries.

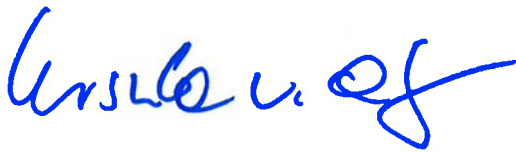
Finally, the Commission is also heeding the call of the European Council to speed up the structural reform of the European electricity market, notably to reduce the impact of gas on electricity prices. A legislative proposal is planned for early next year. The next European Council will be provided with an update.

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The EU's unity and joint response to the energy crisis is our strength. Success will depend on full engagement of all Member States and a shared willingness of all involved to work towards solutions of common interest.

We look forward to your active involvement in helping to secure the adoption by the Energy Council of the recent emergency proposals to stabilize energy markets, strengthen our resilience and bring us securely through this challenging winter and the next.

Yours sincerely,



Ursula von der Leyen
President of the European Commission



Petr Fiala
Prime Minister of the Czech Republic

cc. President of the European Council, Charles Michel